

GRUPO ARGOS

June 30, 2012 2Q Report

BVC: INVARGOS, PFINVRAGOS

EXECUTIVE SUMMARY

- For the first semester of 2012, revenues for consolidated Grupo Argos up to COP\$ 2.1 billion pesos (US\$ 1.2 billion), an increase of 18% in pesos and 20% in dollars from the first semester 2011.
- Consolidated EBITDA totaled COP\$ 850 thousand million (US\$ 474 million) a decrease of 4% in pesos or 2% in dollars. EBITDA margin stood at 26% compared to 32% in the first semester of 2011. It's important to highlight that the decrease in EBITDA is due to a lower Non-Consolidated Grupo Argos divestitures in 2012. In a holding these divestitures are consolidated as operational revenue.
In the first semester of this year, the company divested COP\$ 17 thousand million of Grupo Sura preferred shares and COP \$ 9 thousand million of Cementos Argos for a total of COP\$ 27 thousand million. In 2011 the divestitures totaled COP\$ 221 thousand million.
- Consolidated net income up to COP\$ 334 thousand million (US\$ 188 million), an increase of 99% in pesos and 107% in dollars in comparison the first semester 2011. When the comparison is done with the proform net income COP\$ 185 thousand millions (after the spin-off process) the increase would be 81% in pesos and 88% in dollars.
- On a consolidated basis at the end of the first semester of 2012, assets increased to 24.8 billion pesos (US\$ 14 billion), decreasing 2% in pesos compared with December 2011, this due to the decrease of the portfolio investment in the stock exchange, in dollars the assets increase in 7%. In this same period, liabilities totaled COP\$ 9 billion. Shareholders 'equity increased to 17% in pesos to COP\$ 11,2 billion (US\$ 6 billion), an increase of 28% in dollars. It is important to mention that the decreases in assets and

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shareholders 'equity are due to the recent asset spin-off completed in the second quarter of this year.

- In the non-consolidated income statement Grupo Argos highlight an increase in revenues of 22%, 98% in EBITDA and 99% net income
- In Grupo Argos non-consolidated balance sheet, the assets increased to 10.5 billion pesos, increasing 17% in pesos or 27% in dollars compared with December 2011. In this same period, liabilities increased 13% in pesos, totaling COP\$ 1.5 billion. Shareholders 'equity increased to COP\$ 12,5 billion an increase of 18% in pesos.

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2T2012 Results

The first half of the year for Grupo Argos presents a satisfactory balance, the positive results of its strategic sector; cement and energy continue to show increasing results in their markets.

Meanwhile, in the second quarter of this year, with prior authorization from the Superintendencia Financiera de Colombia, May 30, the subsidiary Cementos Argos transferred to Grupo Argos non-core assets, including real estate, the port business, the coal business and an important part of the investment portfolio.

Finished this process, Grupo Argos has established itself as a new infrastructure holding with investments in cement, energy, real estate and coal. It is important to highlight that each one of the transferred business have a great growth potential and there are specialist teams working on its development plans.

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Business Results

The Cement business:

This first semester of 2012 closes with a positive balance for Cementos Argos. In the second quarter of 2012 operating figures showed positive growth, giving continuity to the trends first seen in the first quarter.

In the Colombia Division cement sales up 6% and ready-mix concrete sales up 19%, these sales confirm a dynamic market moved by large infrastructure, housing and commercial projects.

The United States Division, we begun seen this past quarter a break in the trend with a positive EBITDA of US\$ 2 million, as the construction sector showed in June the fastest growth rate in three years, reflected in better volumes. Prices continue to stabilize as well.

As for the Caribbean Division reports continued growth in most of the economies where we currently operate, in particular, with important deliveries sent to the expansion project of the Panama Canal.

During the first semester Cementos Argos sale 4,9 million tons of cement and 4,2 million cubic meters of ready-mix concrete, with this amount of sales Cementos Argos EBITDA up to COP\$ 380 thousand million with an increase of 29% in comparison to the first semester of 2012. The EBITDA margin stood at 18%.

The energy business:

During second half 2012, Celsia advanced in the execution of its investment and expansion plan in 2012, with an investment in the first semester of the year that amounted approximately to COP 84 billion.

During the semester, two plants with an installed capacity of 19.9 MW each commenced commercial operation. Alto Tuluá which started operations in May 28th demanded an investment of COP 115 billion and was certified by the United Nations as a Clean Development Mechanism project thanks to its contribution to the reduction of 40.062 annual tones of CO2 emissions. 25% of the resources obtained from the sale of these certificates will be invested in conservation activities of the Tuluá river basin and in projects that improve life quality in the

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surrounding communities. Hidromontañas is a run of the river project that demanded an investment of COP 127 billion and created on average 300 jobs during the construction period.

The organization continues with its expansion plan finalizing designs for San Andres and making important advances on designs for Porvenir II, as well as continuing its efforts to secure environmental licensing.

Celsia reached a total power generation of 2,701 GWh during the period, supplying 9% of the electricity produced in the Colombian electric system. Consolidated operating revenues of Celsia S.A. E.S.P., Celsia, increased by 12% during the first half of 2012 to reach COP 970 billion and EBITDA increased 5%, reaching COP 386 billion and EBITDA margin was 40%.

Port Business:

Grupo Argos Board of Directors authorized to merge its port assets with Muelles El Bosque Operador Portuario (MEBOP) and Terminal Marítima Muelles El Bosque.

The company resulting from the merger will be 50% owned by Grupo Argos and the remaining 50% by the current shareholders of Muelles El Bosque, the Echavarría Obregón family and the Spanish group Ership (property of the Alvargonzález family from Asturias), with whom Grupo Argos has held a relationship of several years as the operators of the port terminal of the Group in Buenaventura.

It is worth noting that Muelles el Bosque, founded by Hernán Echavarría Olózaga, was the first private port terminal for public service in the country under the law for privatization of ports. As for the Alvargonzález family, they have a tradition of over 100 years in maritime transportation, and are currently an important player in the Spanish port sector with activities in several of the main Spanish ports, in addition to shipping and maritime consulting activities.

During 2011 the combined operations of the companies to be merged presented revenues exceeding 105 billion pesos, EBITDA margins above 35%, and four million tons mobilized annually which is the equivalent of 8% of the public freight market in Colombia.

Assets contributed by Grupo Argos will increase combined capacity to ten million tons. The new company will provide services for all types of cargo (containers, bulk

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and general cargo) and will offer a unique service scheme where clients can avail themselves of the most efficient port network in Colombia to import and export, according to their specific needs.

Full details concerning investment plans, growth and projections of this business will be provided upon receipt of approvals and authorizations from the relevant authorities.



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Portfolio Investment of Grupo Argos al 30 de June 2012:

Company	Stake Held	Value (COP\$ million)	Value (US\$ million)***	Price per Share (In COP)*
<u>CEMENT</u>				
Cementos Argos	61,3%	4.940.583	2.768	7.000
<u>ENERGY</u>				
Colinversiones	50,2%	1.536.155	861	4.255
EPSA**	11,9%	376.990	211	9.165
<u>OTHER</u>				
Grupo Suramericana	29,2%	4.225.706	2.368	30.900
Grupo Suramericana (P)	10,5%	363.965	204	32.500
Bancolombia	2,5%	342.699	192	26.980
Grupo Nutresa	9,8%	927.498	520	20.500
Total		12.713.596	7.124	

* Price at June 30, 2012

** EPSA price is the initial acquisition price

*** Exchange rate at June 30, 2012: COP\$1,785 / 1 US\$

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We will have a conference call to discuss these results this Monday July 30th at 7:30a.m. Colombia time, at which we shall be discussing our 2Q2012 results.

Conference ID: 10.894.672

Tel – United States / Canada: (866) 837 - 3612

Tel - Colombia: 01800.518.01.65

Tel - International/Local: (706) 634 - 9385

A detailed presentation of these results shall be made available on Grupo Argos' Investor Webpage (www.grupoargos.com) under home or the tab Communications / Presentations

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GRUPO ARGOS S.A.
CONSOLIDATED P&L STATEMENT QUARTERS
 YTD at June
 In millions of Colombian pesos or US dollars

	2Q2012	2Q2011	Var. (%)
Operating revenues	1.619.130	1.465.565	10,5
<i>US\$ dollars</i>	906	814	11,2
Variable costs	1.193.432	927.486	28,7
Cost of goods sold	1.081.775	847.968	27,6
Depreciation and amortization	111.657	79.518	40,4
Gross Profit	425.698	538.079	-20,9
<i>Gross margin</i>	26,3%	36,7%	
Overheads	151.665	125.494	20,9
Administrative expense	103.693	71.681	44,7
Selling expense	32.043	26.129	22,6
Depreciation and amortization	15.929	27.684	-42,5
Operating Profit	274.033	412.585	-33,6
<i>Operating margin</i>	16,9%	28,2%	
EBITDA	401.619	519.787	-22,7
<i>US\$ dollars</i>	225	289	-22,2
<i>EBITDA margin</i>	24,8%	35,5%	
Non-operating revenues	114.816	153.412	-25,2
Dividends and stakes	10.087	7.753	30,1
Profits (losses) from sales of investments	84.284	113.427	-25,7
Other income	20.445	32.232	-36,6
Non-operating expense	136.016	394.668	6,4
Net financial expense	94.004	68.243	32,2
Losses on sales of fixed assets	(1.105)	8.014	-105,1
Other expense	43.117	318.411	-10,0
Exchange difference	(1.909)	8.455	-122,6
Pre-tax earnings	250.924	179.784	39,6
Provision for taxes	48.091	65.223	-26,3
Minority interest	91.572	4.297	2031,1
Net income	111.261	110.264	0,9
<i>US\$ dollars</i>	62	60	3,6
<i>Net margin</i>	6,9%	7,5%	

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GRUPO ARGOS S.A.
CONSOLIDATED P&L STATEMENT
 YTD at june
 In millions of Colombian pesos or US dollars

	jun-12	jun-11	Var. (%)
Operating revenues	3.240.061	2.755.188	17,6
<i>US\$ dollars</i>	1.808	1.501	20,4
Variable costs	2.347.077	1.854.609	26,6
Cost of goods sold	2.124.591	1.673.685	26,9
Depreciation and amortization	222.486	180.924	23,0
Gross Profit	892.984	900.579	-0,8
<i>Gross margin</i>	<i>27,6%</i>	<i>32,7%</i>	
Overheads	302.823	244.847	23,7
Administrative expense	200.260	148.777	34,6
Selling expense	65.627	47.172	39,1
Depreciation and amortization	36.936	48.898	-24,5
Operating Profit	590.161	655.732	-10,0
<i>Operating margin</i>	<i>18,2%</i>	<i>23,8%</i>	
EBITDA	849.583	885.554	-4,1
<i>US\$ dollars</i>	474	483	-1,9
EBITDA margin	26,2%	32,1%	
Non-operating revenues	391.390	250.367	56,3
Dividends and stakes	42.568	78.049	-45,5
Profits (losses) from sales of investments	231.369	116.650	98,3
Other income	117.453	55.668	111,0
Non-operating expense	330.102	577.096	6,4
Net financial expense	189.258	140.273	32,2
Losses on sales of fixed assets	(2.065)	7.546	-105,1
Other expense	142.909	429.277	-10,0
Exchange difference	31.151	11.299	175,7
Pre-tax earnings	682.600	340.302	100,6
Provision for taxes	93.276	117.488	-20,6
Minority interest	255.222	54.881	365,0
Net income	334.102	167.933	98,9
<i>US\$ dollars</i>	188	91	107,1
<i>Net margin</i>	<i>10,3%</i>	<i>6,1%</i>	

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GRUPO ARGOS S.A.
CONSOLIDATED BALANCE SHEET
 In millions of Colombian pesos or US dollars

	jun-12	dic-11	Var. (%)
Cash and equivalents	1.055.554	982.571	7,4
Trade receivables	809.889	816.392	-0,8
Accounts receivable, net	581.876	381.072	52,7
Inventories	469.191	397.514	18,0
Prepaid expenses	20.876	42.048	-50,4
CURRENT ASSETS	2.937.386	2.619.597	12,1
Permanent investments	1.023.081	1.081.237	-5,4
Accounts receivable	109.918	56.726	93,8
Inventories	81.882	76.725	6,7
Deferred items and intangibles	1.949.445	2.017.243	-3,4
Property, plant and equipment, net	7.127.135	7.370.482	-3,3
Appraisals	11.648.500	12.143.890	-4,1
Other assets	16.184	28.214	-42,6
NON-CURRENT ASSETS	21.956.145	22.774.517	-3,6
TOTAL ASSETS	24.893.531	25.394.114	-2,0
US\$ dollars	13.949	13.072	6,7
Financial obligations	1.671.639	2.352.804	-29,0
Bonds outstanding	90.211	234.640	-61,6
Commercial Paper	0	199.030	-100,0
Suppliers and accounts payable	744.463	837.258	-11,1
Dividends payable	263.571	67.613	289,8
Taxes and rates	134.357	198.439	-32,3
Labor liabilities	44.935	96.275	-53,3
Sundry creditors	25.520	61.684	-58,6
Other liabilities	839.197	585.723	43,3
CURRENT LIABILITIES	3.813.893	4.633.466	-17,7
Financial obligations	1.951.324	2.170.285	-10,1
Taxes and rates	77.276	93.080	-17,0
Labor liabilities	334.487	333.959	0,2
Deferred items	157.519	136.177	15,7
Bonds outstanding	2.615.998	1.615.998	61,9
Bond placement premium	-9.031	-9.852	-8,3
Sundry creditors	102.079	111.122	-8,1
NON-CURRENT LIABILITIES	5.229.652	4.450.769	17,5
TOTAL LIABILITIES	9.043.545	9.084.235	-0,4
US\$ dollars	5.068	4.676	8,4
Minority interest	4.623.623	6.744.120	-31,4
US\$ dollars	2.591	3.472	-25,4
SHAREHOLDERS' EQUITY	11.226.363	9.565.759	17,4
US\$ dollars	6.291	4.924	27,8
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	24.893.531	25.394.114	-2,0

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GRUPO ARGOS S.A.
NON-CONSOLIDATED P&L STATEMENT
 YTD at June
 In millions of Colombian pesos or US dollars

	jun-12	jun-11	Var. (%)
Operating revenues	405.181	332.836	21,7
<i>US\$ dollars</i>	228	183	24,5
Dividends and participations	75.059	26.010	188,6
Revenues via equity method	303.427	86.126	252,3
Revenue from sales of investments	26.661	220.700	-87,9
Investment appraisals	34	0	na
Cost of selling off investments	17.782	26.213	-32,2
Cost of selling off investments	17.782	26.213	-32,2
Gross profit	387.399	306.623	26,3
<i>Gross margin</i>	<i>95,6%</i>	<i>92,1%</i>	
Operating expense	18.655	121.076	-84,6
Expense via equity method	5.484	114.527	-95,2
Administrative expense	6.082	5.120	18,8
Provisions for investments	6.093	425	1333,6
Depreciation and amortization	996	1.004	-0,8
Operating profit	368.744	185.547	98,7
<i>Operating margin</i>	<i>91,0%</i>	<i>55,7%</i>	
EBITDA	369.740	186.551	98,2
<i>US\$ dollars</i>	208	101	106,1
<i>EBITDA margin</i>	<i>91,3%</i>	<i>56,0%</i>	
Non-operating revenues	5.659	1.463	286,8
Financial	259	1.317	-80,3
Other income	5.400	146	3598,6
Non-operating expense	40.424	18.432	119,3
Financial	39.071	17.010	129,7
Retirement pensions	507	438	15,8
Other expense	846	984	-14,0
(loss) profit exchange rate	644	0	na
Pre-tax earnings	334.623	168.578	98,5
Provision for income tax	521	645	-19,2
Net income	334.102	167.933	98,9
<i>US\$ dollars</i>	188	91	107,1
<i>Net margin</i>	<i>82,5%</i>	<i>50,5%</i>	

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GRUPO ARGOS S.A.
NON-CONSOLIDATED BALANCE SHEET
 In millions of Colombian pesos or US dollars

	jun-12	dec-11	Var. (%)
Cash and equivalents	19.010	6.609	187,6
Accounts receivable	212.210	56.921	272,8
Inventories	54.734	0	N/A
Diferidos	499	0	N/A
CURRENT ASSETS	286.453	63.530	350,9
Permanent investments	7.390.749	10.849.137	-31,9
Deudores	29.347	238	12.230,7
Inventories	3.126	0	
Intangibles and deferred items	26.507	29.572	-10,4
Property, plant and equipment, net appraisals	6.274.108	1.060.110	491,8
Other assets	512	512	0,0
NON-CURRENT ASSETS	13.757.306	11.941.725	15,2
TOTAL ASSETS	14.043.759	12.005.255	17,0
US\$ dollars	7.869	6.180	27,3
Financial obligations	1.168.442	984.668	18,7
Suppliers and accounts payable	30.314	22.609	34,1
Dividends payable	134.628	34.986	284,8
Taxes and rates	176	2.012	-91,3
Labor liabilities	785	776	1,2
Other liabilities	88.898	6.276	1.316,5
CURRENT LIABILITIES	1.423.243	1.051.327	35,4
Financial obligations	100.109	296.109	-66,2
Taxes and rates	1.905	1.905	N/A
Labor liabilities	3.284	3.163	3,8
NON-CURRENT LIABILITIES	105.298	301.177	-65,0
TOTAL LIABILITIES	1.528.541	1.352.504	13,0
US\$ dollars	857	696	23,0
SHAREHOLDERS' EQUITY	12.515.218	10.652.751	17,5
US\$ dollars	7.013	5.483	27,9
TOTAL LIABILITIES + SHAREHOLDERS' EQUITY	14.043.759	12.005.255	17,0